

Energy Policy Review Commission - Unofficial Minutes

Wednesday May 15, 2013

2:00pm – 4:00pm

Executive Office of Energy and Environmental Affairs

2nd Floor Conference Room D

Members in Attendance:

Bob Rio	A.I.M
Sandra Merrick	AGO
Robert Kaufmann	Boston University

Others in Attendance:

Barbara Kates-Garnick	EEA
Kevin Galligan	Cape Light Compact
Andrew Goldberg	AGO
Dan Burgess	EEA
Shaela Collins	Rick May, P.C.
Rita Carvalho	Action Inc.
Sam Nutter	Conservation Services Group
Dwayne Breger	DOER
Nathan Phelps	DPU
Peter Shattuck	ENE
Christina Halfpenny	DOER
Martha Broad	MassCEC
Hinna Upal	EEA
Lauren Farrell	EEA
Mark Sylvia	DOER
David Cash	DPU
Chris Eicher	T.U.E. Committee

Documents Discussed:

- Agenda
- DOER Bob Rio Data Request Response
- AGO Outline

Undersecretary Kates-Garnick called the meeting to order at 2:10pm.

Introduction

Undersecretary Kates-Garnick apologized for the late start and started introductions around the room. She acknowledged that there was no quorum in attendance as Rob Calnan, Tom Regh, and Elliot Jacobson were not in attendance, the Commission can still make progress during the meeting. The Undersecretary also mentioned that Commissioner Cash was only available for a short time so the updates on information requests would be addressed first.

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Information Request Updates

Commissioner Cash handed out copies of DPU's response to Bob Rio's data request and went through the response page by page. Martha Broad asked what the discount rate was and Nathan Phelps responded that he could not recall the exact number but believes it is in the 6-7 percent range. Birud Jhaveri stated that the avoided transmission costs are not included. Undersecretary Kates-Garnick asked if avoided distributions were included to which Commissioner Cash replied that they were. The Undersecretary stated that this response is critical to what Mr. Rio was looking for and while it took so long to respond to his request but it was important to ensure confidence in the numbers. She then asked for clarity on the utility-owned solar data in the information request. Mr. Jhaveri responded that anytime solar is on the grid, especially in the summer with high peak days, the summer will provide suppression. Professor Kaufmann asked if there was a way to see how this was calculated as it was part of his data request. Commissioner Cash asked if anyone calculated peak shaving numbers. Mr. Rio stated that energy efficiency should. Professor Kaufmann said that he just read a paper that described how to do it and that there is a method when you correlate solar and hot days. Dwayne Breger stated that there is currently work underway with a consultant on that data. Mr. Jhaveri noted that energy efficiency price suppression is calculated at the average price whereas solar is calculated at the marginal price. Undersecretary Kates-Garnick added that this could be added to the Commission's list of recommendations in the report and asked Mr. Breger when the consultant work will start. Mr. Breger answered that it should start in the next few months and it may not be the exact calculations the Commission is looking for, but it will be similar. Undersecretary Kates-Garnick asked if Mr. Rio captured this in his comments. Mr. Rio responded that he did include this calculation request in his renewable energy perspective. Sandy Merrick asked what paper Professor Kaufmann was referring to earlier. Professor Kaufmann said that he will send the paper to Lauren Farrell who can distribute it to the Commission. Mr. Rio said that the problem with the numbers is where they show up on the utility bill. He stated that he would like to educate his members on why things are the way they are. He stated that his members would be happy to pay a higher price if they only understood what the numbers were. Commissioner Cash clarified that the data is not showing an increasing in distribution rates; if you calculate for inflation, the increase is more like 5 percent, rather than a 50 percent. He continued that bills have gone down, with small increases in price. Mr. Rio stated that he agreed partly but net metering has made it possible. He said the \$6 million is on everyone's bill and that could double or triple. Commissioner Cash stated that is how taxes work. Mr. Rio responded that this is not a tax issue. Commissioner Cash responded that they have been doing this work because the legislation and the Governor said it was a good idea. He stated that the benefits are spread around, including benefits that are not discussed in the data request response. Mr. Rio said that he does not count those benefits because residents are paying for them. Mr. Merrick interjected that she felt it was fair to have this transparency conversation.

Professor Kaufmann stated that as the Commission has little energy and time, they should focus on the larger numbers; even if these numbers increase it's still a small percentage. Mr. Phelps clarified that rate payers pick up distribution costs, which are typically about 20-30 percent of the total cost.

Undersecretary Kates-Garnick thanks Commissioner Sylvia and Commissioner Cash for coming to the meeting and asked if the Commission had any other questions regarding APS/RPS. Mr. Rio asked how much power (MW) is produced from these programs. He said he was less concerned about solar and more interested in wind and would like to know how much is being spent and how much power is being produced. Dwayne Breger responded that SCO has a 4MW capacity which is about a 1 percent load; RPS was about 8 percent for 2013 across renewables. Professor Kaufmann asked what the energy efficiency reconciliation factor is. Mr. Halfpenny responded that the reconciliation factor is the system benefit

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charge. Professor Kaufmann asked where the money goes, in terms of cost and benefits. Ms. Halfpenny responded that the system benefit charge is where the customers pay a small charge to support the energy efficiency programs.

Mr. Rio asked what the total ACP was for last year. Commissioner Sylvia responded that in 2011 it was 72; the 2012 data will be released in July. Professor Kaufmann said he would be interested in breaking down this data further, as he asked in his data request. Mr. Breger responded that there is data that is broken down by day/month and it is possible to plot data by MW-installed from the data spreadsheets on the website. Ms. Merrick asked if Mr. Breger could send out the spreadsheet to the Commission. Mr. Phelps said that the installations for solar are a hockey stick, just as a point of reference. Mr. Rio said this is good food for thought, what he is looking for, and there is the possibility to fill in the columns going forward.

Undersecretary Kates-Garnick again thanked the Commission for their patience in waiting for the data request responses as the agencies want to be confident in their numbers. She then asked if there were recommendations from the Commission going forward. Mr. Rio stated he felt transparency is key as it would help him explain things to his members more. Undersecretary Kates-Garnick said that everyone has been helpful in responding to the data requests and if there are any questions that relate to them to reach out as transparency is important. Ms. Merrick stated that she had been in contact with Tom Regh to help him acquire data from DOER but unfortunately could not help him as lead vendors do not contract with the state. Undersecretary Kates-Garnick said that the data request responses were posted to the website and Professor Kaufmann is still in need of a response. Professor Kaufmann said he was introduced to a person who can help respond to his data request.

Undersecretary Kates-Garnick asked if the Commission had any further concrete recommendations. She said that the AG's Office emailed the group with the comments on the outline; one recommendation was to hire a consultant however, there is no money for the Commission to do so. Ms. Merrick stated that she does not have an idea of where to get the money but that does not prevent EEA or the agencies from providing money from their budget.

Undersecretary Kates-Garnick asked the Commission if it would be helpful to discuss studies and possibly include them as an addendum in the report. Ms. Merrick replied no. Undersecretary Kates-Garnick posed the question to the other members and asked if Mr. Jhaveri, Mr. Breger, or Ms. Halfpenny would mind speaking on some ongoing studies at DOER. Mr. Jhaveri said there are a couple of ongoing studies such as an industry restructuring study and a central procurement study. Undersecretary Kates-Garnick asked if there is a DPU rate related study. Mr. Rio said there is a rate allocation study at DPU. Ms. Merrick said there is the DPU Docket 126. Undersecretary Kates-Garnick said there were a lot of issues in Ms. Merrick's request that are being addressed and the Commission should try to avoid duplication and redundancy. Mr. Rio said there is a lot currently going on but the problem is they are not all in one place to access. Ms. Upal said the DPU docket addresses the bid transparency issue. Ms. Merrick stated that there is a DPU docket on grid modernization and also a Salem Harbor Task Force that the Commission could look at. Undersecretary Kates-Garnick said that due to a lack of time, perhaps the Commission could reference these studies in the report to avoid redundancy and continue the conversation when the Commission meets again in 2017. She asked if some agency staff could provide a brief synopsis of a few programs or projects. Ms. Halfpenny stated that DOER provides 3% of their budget to studies and every measure/process is examined. She noted that several of the Commission members also sit on the EEAC. Mr. Jhaveri stated that a wholesale market report will be completed at the end of the month.

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Public Comment

Undersecretary Kates-Garnick stated that EEA is still in the process of receiving public comment. Dan Burgess said that the public comment period is open until 5pm on Friday, May 17 and the hope is to have them posted by Monday, May 20. Sam Nutter asked what list the public comment period notice was sent to. Mr. Burgess replied that the list was sent to about 200 people, which included agencies, utilities, green buildings, etc. Mr. Nutter responded that he did not get the notice. Mr. Burgess said that the email could have gone to spam but if Mr. Nutter is not on any DOER email lists, he would not have gotten the notice.

Report Outline

Undersecretary Kates-Garnick said that the AG's Office has submitted comments on the draft report outline and is still looking for other comments from the Commission. Mr. Rio said that he looked at the outline Ms. Merrick submitted and thinks she did a lot of work on it. Ms. Merrick responded that it was not all her work but she had help from her office. Undersecretary Kates-Garnick asked if Ms. Merrick would like to address the comments she submitted on the outline. Ms. Merrick said that she does appreciate the work that went into the outline and the metrics. She went on to say that she tried to include everything that is stated in the statute but the statute is very confusing. She said that she recommends the Commission ask for more time and ask for a consultant to help. Undersecretary Kates-Garnick responded that this Commission is voluntary and depending on how the members want to approach the report, they may not meet the exact deadline but should be able to get recommendations to the legislation. She said that the Commission could write what they can and reconvene on issues going forward. Peter Shattuck asked how the Commission plans to address issues with no consensus. Undersecretary Kates-Garnick responded that the Commission will try to get consensus on a general framework but it would be similar to a DPU docket where each member should submit their perspective and the Commission would vote on recommendations. Mr. Rio stated that his concern is getting public comment on the draft as there might not be enough time and recommends asking the Legislature for an extension after the summer. He said he understands that is not easy to do but should at least try. Ms. Merrick said that the Commission could ask the Legislature for direction on that issue. Chris Eicher said that there has been recommendations made to the Speaker of the House to appoint the last member and is unsure why he has declined to do so; however Chairman Keenan's staff has attended meetings in place of an appointee.

Referring to Ms. Merrick's outline, Professor Kaufmann asked about her request to address rebound effects as he has done research on that topic. He asked if Ms. Merrick wants examples from other studies. Mr. Rio replied that there is no time and this should be added to the list of recommendations. Ms. Merrick said to look back at the legislation as it was very specific about what recommendations and other specific analysis should be done by the Commission. Professor Kaufmann asked her if she could identify what the legislation is looking for specifically, section by section. Ms. Merrick responded that she could not identify anything specific but believes the report should be more than what has been discussed in the meetings. Mr. Eicher said that he is not speaking for Chairman Keenan, but believes the report should be more than what has been said in the meetings and more on how the Commission evaluates the cost/benefits for programs. He said the Legislature is just looking to hear back on how to look at the programs – should they leave them alone; are there specific changes needed; should they be looking at them in a new way.

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Undersecretary Kates-Garnick said that the Commission is not at a point of consensus but that can be difficult to achieve as every member has a different point of view. She said it is important to note that policies are changing the market in Massachusetts and there has been a lot of energy innovation. Mr. Galligan stated that the Program Administrators wanted to contribute and if interested, can share reports. Undersecretary Kates-Garnick recommended they respond as a public comment. Mr. Galligan added that as an average person, through the Legislature gave a very challenging charge and no money for a consultant, he believes the Commission has worked with what they were given and to date the work has been tremendous.

Report Topic: “Expanding Renewable Energy in the Commonwealth”

Undersecretary Kates-Garnick said that the Commission was given metrics on renewables and asked if there were any thoughts on how to approach this topic. Mr. Rio said that he submitted his recommendations and really is interested in getting more information on generation, not capacity. Mr. Breger said that the number of RECS generated is not as easily publically accessible but it can be calculated. Mr. Rio said he wants to know the cost per kilowatt. Mr. Breger replied that there is a delay in time as the data comes in 6 months after plus there is time for processing, but this data is in the annual compliance report and can be extracted. He continued that the cost is tougher to get as the cost of RECS are determined in the marketplace. Mr. Phelps said that long term contracts are confidential. Mr. Rio said he does not want to know specifics, just the delta. Professor Kaufmann said he is looking for the same data – what is the value of generation and what the price is for cumulative RECS, not specific RECS. Mr. Breger responded that the cumulative REC data is not available but could make estimates. Mr. Rio stated he would like to know how much GHG is displaced. Undersecretary Kates-Garnick said she is unsure if that question could be answered. Mr. Breger said that DOER doesn’t do that directly, but can look into it. Professor Kaufmann replied that there are several good life cycle studies available. Ms. Halfpenny said that GHG data has to be quantified through GWSA. Mr. Rio said he is interested in knowing the price per ton of emission as prices will become important if the goal is to reduce emissions. Mr. Phelps asked if DEP has been involved on this conversation. He clarified that what Mr. Rio is looking for is actually the number of GHG reducing/avoiding and the value of that. Mr. Breger said that the State is bringing costs down to try to meet the GHG reduction goals. Mr. Rio responded that is the story he wants to get out; finding a reduction in GHG and costs. Ms. Merrick said this is exactly what she wants to see, as she put in her recommendations and that this should be a major part of the Commission report. Mr. Rio said that looking at GHG reduction this way can help decide where to spend money.

Mr. Shattuck asked if there has been any discussion on building capacity and streamlining, transformative benefits, and avoided transmission costs. Mr. Phelps said avoided transmission costs are a hard calculation to do. Mr. Rio said solar avoids these costs and wind builds them. Mr. Jhaveri stated that the ISO forecast only includes energy efficiency and does not include avoided transmission costs. Mr. Phelps included that transmission data is not available directly but must go through ISO and FERC for that data. He said that ISO does not have control over transmission costs.

Undersecretary Kates-Garnick said she believes the Commission discussed some great metrics and asked if Mr. Breger felt comfortable with what was discussed and if he could pull together some metrics for the group. Mr. Breger replied that he could draft some things and put something together. Undersecretary Kates-Garnick asked if each Commission member could write their position in preparation for the next meeting. She said the conversation was very productive and the next topic for discussion is Energy Efficiency. Mr. Nutter asked if the public comment was on a draft of the report.

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Undersecretary Kates-Garnick said there is not draft report but the public comment period is on the general issues of the Commission. Ms. Upal reminded that the comment period ends on Friday, May-17.

The meeting adjourned at 3:54pm.

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